

Environmental, Social, Governance & Resilience (ESG+R)

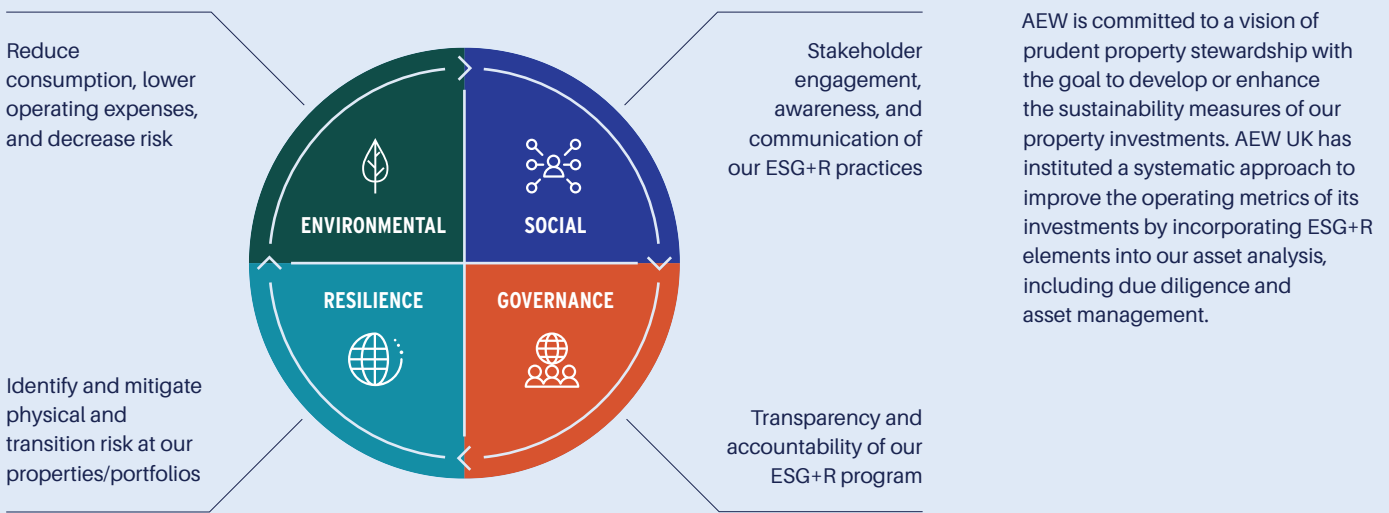


Data as at 31 December 2021

AEW'S ESG+R STRATEGY

AEW is one of the world's largest real estate asset managers and offers a wide range of real estate investment products. AEW is committed to developing an ambitious ESG+R strategy aimed at making future-focused investment decisions that benefit our clients, our people and our global communities. The European ESG+R Committee leads management and oversight in Europe, with representative members from across the European business. In the UK, AEW continues to deepen integration of ESG+R within its investment processes.

[Our 2021 AEW Global Sustainability Report](#)



AEW UK

AEW is committed to meaningful action, strategic adaptation and continual learning in pursuit of progress on our ESG+R performance, we have summarised a status and key achievements of these efforts below for AEW UK and our Funds*. All Funds reported progress against Task Force for Climate-related Financial Disclosure (TCFD) in their 2021 annual reports and accounts.

* Funds - AEW UK Core Property Fund, AEW UK Real Return Fund, AEW UK REIT

- Achieved
- Continuous
- In progress

Environment



OBJECTIVES

- Energy consumption: 15% reduction in absolute energy by 2030 based on 2018 baseline.
- GHG emissions: 15% reduction in absolute energy by 2030 based on the 2018 baseline.
- Waste: 100% waste diverted from landfill by 2020 based on the 2016 baseline.
- Initial assessment of the pathway to net zero using Carbon Risk Real Estate Monitor (CRREM) to formulate an action plan and next steps including improved data collection from tenants.
- Enhancement of investment process to further incorporate ESG into existing environmental due diligence
- Asset Sustainability Action Plans (ASAPs) developed for all Fund assets to identify and implement sustainability measures
- Seek opportunities to utilise low carbon and renewable energy sources
- Seek improvement of GRESB scores
- Assessing all lease expiries by ERV within each EPC grade boundary to understand the risk and potential cost to achieve EPC C by 2027 and an EPC B by 2030 in line with new MEES requirements

HIGHLIGHTS

GRESB

FUND	2021 RESULTS	2020 RESULTS	GRESB RATING	GREEN STAR AWARDED
AEW UK Core Property Fund	66	64	Two Stars	Green Star
AEW UK Real Return Fund	59	67	One Star	Green Star
AEW UK REIT	65	65	Two Stars	Green Star

AEW UK Real Return Fund score decreased due to lower data collection from tenants.



Gender

Female Male * AEW UK data.

Pay ratio	2020	48%	52%
	2021	44%	56%
Senior management	2020	25%	75%
	2021	17%	83%
Total employees	2020	40%	60%
	2021	40%	60%

OBJECTIVES

- 📌 Create healthy work environments for AEW's employees and tenants at our buildings, where possible, that stimulate productivity and promote sustainable communities
- 🔄 Communicate ESG+R best practices to our property managers, leasing agents and tenants including promotion of green leases
- 🔄 Support and encourage supplier responsibilities and sustainable best practices
- 🔄 Encourage engagement with local communities and volunteering amongst our property managers, tenants and employees
- 🔄 Monitor and improve employee, tenant and investors' engagement through the deployment of regular surveys
- 🎯 Establishment of European Diversity, Equity and Inclusion Committee and sub-committees to implement actions and foster a more diverse and inclusive corporate culture.

HIGHLIGHTS

- 🎯 Support of KidsOut for Christmas 2021 with employees donating presents. KidsOut is a fun and happiness charity which provides positive experiences to children who have fled domestic abuse and live in refuge.
- 🎯 Creation of the Catherine Delplace Scholarship in memory of one of AEW UK's founding partners which was awarded to the Worshipful Company of Chartered Surveyors (WCCS) student bursary scheme. The bursary will support a student from an economically disadvantaged background with no family connections within the property industry to study a real estate degree course. Typically they will be the first generation in their family attending higher education.

EMPLOYEES	2017	2018	2019	2020	2021
Number of joiners	3	0	5	1	6
Number of leavers	2	1	4	1	2
Hiring rate	13%	0%	21%	4%	24%
Turnover rate	9%	4%	17%	4%	8%
Absenteeism rate	2%	1%	1%	1%	2%

*AEW UK Investment Management LLP. AEW UK data.

Performance appraisals

Yes No * AEW UK data.

2020	92%	8%
2021	92%	8%

Governance



OBJECTIVES

- 🔄 Identify specific sustainability issues and establish goals for assets under management
- 🔄 Conduct annual portfolio-level assessment of environmental and energy issues
- 🔄 Monitor and ensure compliance with government benchmarking requirements and any additional policy or regulatory changes
- 🔄 Continue to provide and improve training to our employees on governance topics including our Compliance Program and Code of Ethics
- 🔄 Demonstrate transparency and accountability to our investors through regular disclosure of ESG+R practices and performance in quarterly investor reports and reporting frameworks such as GRESB

HIGHLIGHTS

- 🎯 Funds participate in the GRESB benchmark and report against relevant reporting frameworks eg EPRA and AREF best practice
- 🎯 All Funds reported progress against TCFD in 2021 annual accounts
- 🎯 Training program throughout 2021 on ESG for all staff and regular governance training on topics such as money laundering
- 🎯 All staff have ESG objectives

Resilience



OBJECTIVES

- 📌 Identify climate-related physical and transition risk from the time of acquisition, through the duration of the holding period, and at disposition
- 📌 Evaluate and mitigate potential future risk due to climate change
- 📌 Integrate identified risks with asset-level considerations that may affect our risk level, such as hold period, existing mitigations, improvements and efficiency levels
- 📌 If needed, engage third-party consultant to evaluate property preparedness & mitigation costs

AEW'S ESG JOURNEY: KEY MILESTONES IN EUROPE OVER LAST 10 YEARS

<p>AEW becomes the manager of the 1st SRI real estate fund on behalf of the French pension fund ERAFP</p> <p>Launch of project GRECO (improving the energy efficiency of current portfolio)</p>	<p>GreenRating</p> <p>Creation of 6 new metrics</p>	<p>Calculation of the carbon footprint of the institutional portfolio</p> <p>Evaluation project into climate risks</p>	<p>AEW chairs the circular economy association, Circularab</p> <p>Creation of a SRI Department at AEW</p>	<p>PRI Principles for Responsible Investment</p> <p>A+ achieved in Strategy & Governance and A achieved in Property (UN PRI)</p>						
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<p>Introduction of a SRI policy at AEW</p> <p>Carbon footprint calculation of AEW European offices</p>	<p>Adherence to the Global Real Estate Sustainability Benchmark (GRESB)</p>	<p>4 Green Star Funds (GRESB)</p>	<p>Real Estate SRI charter actively developed by AEW within ASPIM</p>	<p>6 Green Star Funds (GRESB)</p> <p>Release of the Real Estate SRI label in France</p>	<p>AEW Logistics fund receives the top GRESB score in Europe in its category</p>					

* AEW signed up to the Principles of Responsible Investing (PRI) in 2009